



**ARIZONA READY EDUCATION COUNCIL
K-20 EDUCATION FUNDING TASKFORCE**

February 27, 2012 @ 1:30pm

1700 W. Washington

Grand Canyon Room

Phoenix, AZ 85007

Meeting Notes

Members Present: Dr. Craig Barrett, Jaime Molera, Dr. Tom Anderes, Dr. Michael Kearns (telephonic), Colleen Niccum, Tim Carter, Susan Carlson, Chuck Essigs (telephonic), Alan Maguire, Jay Kaprosy, Hugh Hallman, and Doreen Zannis.

Members Absent: Onnie Shekerjian and Stacey Morley

1. Call to Order, Welcome & Introductions

Dr. Barrett called the meeting to order at 1:34 p.m., provided welcoming remarks and asked members and guests present to introduce themselves.

2. Discussion: Identify goals, mission & anticipated outcomes

Rebecca Gau provided a brief outline of the overall charge by the Governor in her State of the State address which tasked the Council with developing recommendations for education funding reforms that promote the results we are working toward in both K-12 and higher education. Ms. Gau indicated that the taskforce is to look at how education is being funded from kindergarten through post-graduate and make recommendations to the Governor to reform the current model(s). Dr. Barrett indicated that the charge by the Arizona Ready Education Council to the Taskforce is to:

- Determine if funding system(s) are broken
- If so, determine how/where they are broken
- Provide recommendations on how to fix

Dr. Barrett advised the Taskforce to think boldly as they work to develop recommendations to take back to the Council. Dr. Barrett indicated that the agenda for today's meeting was to help the members understand the funding systems and to review information on work that has recently been done around school funding and finance.

3. Review & Discussion: K-12 Education Finance 101

Alan Maguire provided a brief overview and engaged in discussion with the Taskforce on the K-12 M&O funding structure indicating that they system principally was enacted in 1980 for the primary objective of equalizing per student funding. The discussion did not apply to charters. Mr. Maguire described the Group A and B weights, adjustments for teachers, transportation funding, soft capital allocation and capital outlay. Mr. Maguire also described the “dis-equalizing” components, including exempt expenses, overrides and bonding capacity, as well as Prop 301, tax credit revenues, school plant funds and federal funds that impact the funding structure.

4. Review & Discussion: Higher Education Finance 101

Dale Frost provided a brief overview and engaged in discussion with the taskforce on higher education finance including public community colleges and universities. For community colleges, Mr. Frost discussed operating state aid, FTSE and problems with the current formula as well as capital outlay and equalization aid, and the problems associated with these two funding mechanisms. Mr. Frost also discussed university funding including undergraduate base tuition and mandatory fees as well as FTSE, and the problems with the current funding system.

5. Review & Discussion: K-20 Education Initiatives

- **ABEC School Finance Reform**

Susan Carlson provided an overview and engaged with the Taskforce the ABEC School Finance Reform Proposals indicating that the guiding principles of fairness to students and taxpayers, sufficient resources to meet expectations for student achievement; flexibility for districts and schools in the use of these resources; to reward innovation and efficiencies; and to provide transparency in all aspects of the system. Details on the funding that would be required and how it would be allocated was not released at this time. Ms. Carlson also indicated that there was interest from others in a short-term funding remedy until a new system could be implemented including the Arizona Education Network and the Arizona Initiative Dedicated to Education. ABEC facilitated weekly meetings over a six month period in order to find common ground with the goal of one set of ideas going forward. However, common ground could not be found on several key points including facilities funding for charter schools, bonds and overrides, and performance pay.

- **Higher Education Voter Survey**

Paul Bentz reviewed and engaged with the Taskforce on the High Grounds Higher Education Voter Survey. Two major outcomes of the survey are that education is the top issue over which voters believe the Government has the greatest impact, and there is a strong desire within the electorate to continue increased funding for education as well as make real reforms including rewarding performance.

- **K-12 Education Voter Survey**

Ann-Eve Pedersen reviewed and engaged with the Taskforce the work of the Arizona Education Parent Network, and its partners, including work on primary objectives and key provisions for a proposed tax initiative. The proposal is to renew the sales tax to support education until a new funding mechanism/model can be established. The initiative would provide funding for the K-12 system, community colleges and universities but details on the specific amount of money that would be raised, and how the money would be allocated was not released at this time. Ms. Pedersen also reviewed the results of a survey conducted by Dr. Bruce Merrill which also indicates electorate support for increased education funding. Ms. Pedersen's group is moving forward with an effort to place an initiative on the ballot. This work must be completed by early July so time is of the essence.

- **Higher Education Performance Funding Model**

Ted Ferris

Ted Ferris reviewed and engaged with the Taskforce on ABOR's proposed higher education performance funding model. Mr. Ferris indicated that there were three components of the performance funding model including: Increases in Number of Degrees Awarded [weighted by level and cost]; Increases in Number of Completed Student Credit Hours [weighted by level and cost]; and Increases in External Research and Public Service Funding. Thirty metrics have been developed for these three components. Measuring change would be accomplished with a three year moving average. The Model will allocate monies approximately as follows:

- 50% in Support of the Growth of Degrees Awarded
- 25% in Support of the Growth of Completed Student Credit Hours
- 25% in Support of the Growth of External Funding for Research and Public Service

6. Taskforce Comments & Next steps

Based on the discussion, Dr. Barrett recapped next steps for the Taskforce:

- Immediate need to focus on K-12 funding
 - Build understanding of the magnitude of the current problems/disparity in K-12 Funding
 - Build understanding of what will be required of a funding system to drive education reform(s)
- Provide support to community colleges to develop funding recommendations
- Further analyze university performance funding proposal

7. Call to the Public

There were no requests from the public to address the Taskforce members.

8. Adjourn

With no further business before the Taskforce, Dr. Barrett adjourned the meeting at 4:36p.m.